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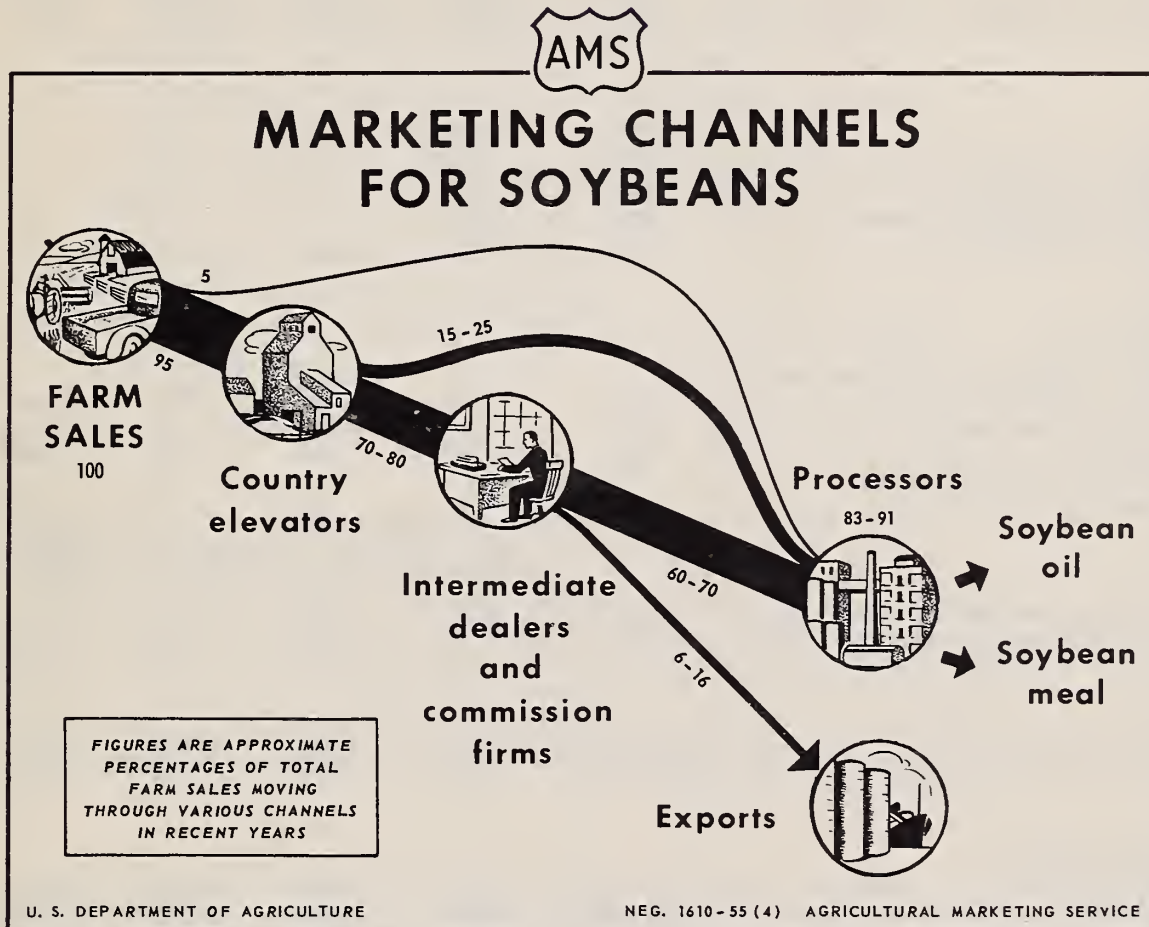
The MARKETING and TRANSPORTATION SITUATION

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In this issue:
The Current Transportation Situation
Motortruck Taxes and Reciprocity
Problems in Marketing Soybeans



Soybeans are marketed through a variety of channels from the farmer to the processor. The principal channel is by way of a country elevator and one or more intermediate dealers. A few farmers, however, sell directly to processors, and country elevators and other local dealers sell part of the

soybeans they handle directly to processors. The channel from the farmer to export outlets is by way of a local elevator and one or more intermediate dealers. Small quantities of soybeans are sold by farmers, country elevators, and other dealers for seed, feed, and other uses.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1954					1955	
		Year	Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.		
<u>Farm-to-retail price spreads</u>								
Farm-food market basket: <u>1/</u>								
Retail cost	Dol.	985	997	987	967	969		
Farm value	Dol.	427	445	424	406	411		
Marketing margin	Dol.	558	552	563	561	558		
Farmer's share of retail cost	Pct.	43	45	43	42	42		
Cotton: <u>2/</u>								
Retail cost	Dol.	55.25	55.55	54.97	55.17	---		
Farm value	Dol.	7.06	6.78	7.24	7.17	---		
Marketing margin	Dol.	48.19	48.77	47.73	48.00	---		
Farmer's share of retail cost	Pct.	12.8	12.2	13.2	13.0	---		
Tobacco: <u>3/</u>								
Retail cost	Dol.	3.28	---	---	---	---		
Farm value	Dol.	.518	---	---	---	---		
Federal and State excise taxes	Dol.	1.31	---	---	---	---		
Marketing margin excluding excise taxes	Dol.	1.45	---	---	---	---		
Farmer's share of retail cost	Pct.	15.8	---	---	---	---		
<u>General economic indicators</u>								
Consumers' per capita income and expenditures: <u>4/</u>								
Disposable personal income	Dol.	1,561	1,563	1,555	1,564	1,586		
Expenditures for goods and services	Dol.	1,441	1,428	1,442	1,453	1,473		
Expenditures for food	Dol.	395	392	397	398	---		
Expenditures for food as percentage of disposable income	Pct.	25	25	26	25	---		
		1954		1955				
		Year	Feb.	Jan.	Feb.	Mar.		
Hourly earnings per employed factory worker <u>5/</u> ...	Dol.	1.81	1.80	1.84	1.84	---		
Hourly earnings of food marketing employees <u>6/</u> ...	Dol.	1.70	1.69	1.74	1.74	---		
Retail sales: <u>7/</u>								
Food stores	Mil. dol.	3,463	3,396	3,560	3,577	---		
Apparel stores	Mil. dol.	846	878	889	870	---		
Manufacturers' inventories: <u>7/</u>								
Food and kindred products	Mil. dol.	3,493	3,539	3,485	3,471	---		
Textile-mill products	Mil. dol.	2,395	2,455	2,313	2,319	---		
Tobacco products	Mil. dol.	1,869	1,840	1,850	1,847	---		
Indexes of industrial production: <u>8/</u>								
Food and beverage manufactures	1947-49=100:	106	106	106	106	---		
Textiles and apparel	do.	100	98	105	105	---		
Tobacco manufactures	do.	102	98	107	---	---		
Index of physical volume of farm marketings	1935-39=100:	160	127	165	129	9/129		
<u>Price indexes</u>								
Consumer price index <u>5/</u>	1947-49=100:	115	115	114	114	114		
Wholesale prices of food <u>5/</u>	do.	104	103	102	102	101		
Wholesale prices of cotton goods <u>5/</u>	do.	89	89	90	91	91		
Wholesale prices of woolen and worsted goods <u>5/</u> ..	do.	109	109	107	106	106		
Prices received by farmers <u>10/</u>	do.	92	95	90	90	90		
Prices paid by farmers <u>10/</u>	do.	110	110	110	110	110		

1/ Average quantities of farm food products purchased per wage-earner and clerical-worker family in 1952.

2/ 42 cotton articles of clothing and housefurnishings, weighted by average annual quantities bought by wage earners and clerical workers as reported in 1934-36 survey. Data are for last month of quarter. 3/ 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of tax-paid withdrawals. Data are for the fiscal year ended June 30, 1954. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, and steam railways, calculated from data of Dept. of Labor and Interstate Commerce Commission. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1953 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Preliminary. 10/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board April 22, 1955

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SUMMARY

Retail prices paid by consumers for the farm foods in the "market basket" in the first quarter of this year averaged 3 percent below a year earlier. Prices received by farmers for farm food products declined 8 percent, with most of the drop in hogs, milk, butterfat, and eggs. Charges for marketing these products averaged slightly higher than in January-March 1954.

Charges for marketing the family market basket of farm-produced foods have varied within a narrow range since the third quarter of 1952 but charges for individual products have fluctuated more widely. Although charges in the first quarter of this year were 1 percent above a year earlier, they were 1 percent below the record set in the third quarter of 1954. Costs of performing marketing operations probably have not increased appreciably during the last year.

The stability of marketing charges while farm prices have been falling has caused a decline in the farmer's share of the consumer's food dollar. This share was 42 cents in the quarter just ended compared with 45 cents a year earlier.

Consumers spent \$395 per person for food in both 1954 and 1953, or about 25 percent of their disposable income per person. The proportion spent for tobacco also was unchanged but the proportion spent for clothing was smaller in 1954 than in 1953.

Several bills have been introduced in the present session of the 84th Congress concerning the transportation industry. One seeks to take away the Interstate Commerce Commission's power to prohibit trip leasing. A group of bills relate to the report of the President's Advisory Committee on a National Highway Program which recommended that 101 billion dollars be spent for highway construction during the 10-year period 1955 to 1964. (For further details concerning the current transportation situation see pp. 11-16.)

Special Features in this Issue

Several States in recent years have levied weight-distance taxes on motortrucks, including out-of-State trucks using their highways. This practice, which threatens to disrupt agreements among the States for mutual waiving of registration fees, presents a serious problem to the States and to the trucking industry (pp. 17-19).

Considerable excess capacity has developed in the soybean-processing industry even though the volume of soybeans processed has increased substantially in recent years. This situation has arisen mainly because of the building of new mills that are equipped for the solvent-extraction process. With this process, more oil can be obtained from a bushel of soybeans than with the older methods of extraction. The narrow spread in recent years between the price of soybeans and the value of soybean products has been attributed mainly to the existence of excess capacity. (For a discussion of this and other problems in marketing soybeans, see pp. 20-31.)

FARM-RETAIL PRICE SPREADS FOR FARM FOODS

Little Change in Market-Basket Values

Since Final Quarter of 1954

The retail cost of the "market basket" of farm foods was at an annual rate of \$969 in the first quarter of this year, approximately the same as in the preceding quarter. ^{1/} (See table on inside of front cover page.) Among the commodity groups in the market basket, the largest change was an increase of 6 percent for poultry and eggs (table 11, p. 34). The bakery and cereal products and fruits and vegetables groups advanced slightly. Retail costs of the meat products and fats and oils groups decreased moderately.

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home by urban wage-earner and clerical-worker families in 1952. The retail cost of all foods bought per family is more than the retail cost of the "market basket" of farm foods, which does not include imported foods, fishery products, or other foods of nonfarm origin, and does not include costs of meals purchased in eating places. Additional information concerning the contents of the market basket and methods of estimating the market-basket data were given in the Supplement to the July-Sept. 1953 issue of this Situation.

Table 1.- The farm food market basket: Retail cost, farm value, marketing margin, and farmer's share of retail cost, 1946-55

Year and month	Retail cost : 1/ Dollars	Farm value : 2/ Dollars	Marketing : margin : Dollars	Farmer's : share : Percent
1935-39 average	3/	3/	3/	40
1946	767	4/397	4/370	4/52
1947	932	471	461	51
1948	994	498	496	50
1949	939	435	504	46
1947-49 average	955	468	487	49
1950	924	432	492	47
1951	1,026	495	531	48
1952	1,028	482	546	47
1953	1,002	450	552	45
1954	985	427	558	43
<u>1954</u> :				
Jan.	1,006	452	554	45
Feb.	998	445	553	45
Mar.	987	437	550	44
Apr.	984	443	541	45
May	989	439	550	44
June	986	418	568	42
July	994	425	569	43
Aug.	989	430	559	43
Sept.	980	416	564	42
Oct.	974	404	570	41
Nov.	967	411	556	43
Dec.	960	401	559	42
<u>1955</u> :				
Jan.	962	411	551	43
Feb.	970	410	560	42

1/ Retail cost for each year is based on average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

2/ Payment to farmers for equivalent quantities of farm-products minus imputed value of byproducts obtained in processing.

3/ Comparable dollar figures not available. The farmer's share and index numbers of the retail cost, farm value, and marketing margin for the years 1913-52 were published in the Oct.-Dec. 1953 issue of this Situation.

4/ The farm value including Government payments to producers in 1946 was \$405, the marketing margin plus Government payments to processors was \$383, and the farmer's share adjusted for Government payments to producers was 53 percent.

:
: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service.:
:

The retail cost of the market basket in the first quarter was 3 percent less than in the same period of 1954. Much of this reduction resulted from a decrease of 9 percent for the meat products group but the poultry and eggs and dairy products groups also were significantly lower. In spite of the sharp rise in the first quarter of this year, the retail cost of the poultry and eggs group was lower than a year earlier. Bakery and cereal products and fruits and vegetables were the only groups to show increases.

Like the retail cost, the farm value of the market basket did not change significantly from the fourth quarter level. The farm products equivalent to the foods in the market basket had a farm value of \$411 in the first quarter of this year compared with \$406 in the previous quarter. Changes for the various product groups were moderate except for a 20-percent increase for poultry and eggs (table 11, p. 34). The fruits and vegetables group was up about 5 percent. These increases were about offset by decreases for other groups, the largest of which was a 5 percent drop for fats and oils.

The farm value of the market basket in the first quarter was about 8 percent lower than a year earlier. A 17-percent decrease for the meat products group accounted for a major part of this reduction although farm values were down for all product groups except fruits and vegetables.

Charges for marketing the foods in the market basket, as measured by the marketing margin, were at an annual rate of \$558 in the first quarter of this year, about the same as in the preceding quarter and slightly higher than in the first quarter of 1954. ^{2/} All changes for the product groups from the previous quarter were small except for a 14-percent decrease for poultry and eggs (table 12, p. 35). Marketing charges for this group also were lower than a year earlier. This decline from the first quarter of 1954, however, was slightly more than offset by increases for the meat products, bakery and cereal products, and fats and oils groups.

The marketing margin has been relatively stable since the third quarter of 1952, after rising more than 15 percent from the first quarter of 1950. Prices of goods and services bought by marketing agencies probably increased less during the year ended with March 1955 than during any other recent 12-month period. Hourly earnings of employees in food marketing firms averaged 3 percent more last February than in the same month of 1954. This increase was less than the rise in other recent years. Prices of supplies, electric power, and other purchased goods and services generally have not changed appreciably over the last year and changes have tended to offset one another.

Farmers received 42 cents of the dollar consumers spent for farm-produced food products in the first quarter, the same as in the final quarter of last

^{2/} The marketing margin is the difference between the retail price paid by the consumer and the payment to the farmer for equivalent products. It is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing the farm products.

year but 3 cents less than in January-March 1954. ^{3/} Since World War II the farmer's share by quarters has varied from 42 to 52 cents.

Prices of Pork Products Down Sharply

Retail prices of pork products averaged 18 percent lower in the first quarter of this year than in the first quarter of 1954 (table 11, p. 34). The farm value of these products was down more than the average retail price. The marketing margin was wider than in the first quarter last year. In the first 3 months of 1954, both the average retail price and farm value were near the post-World War II peaks. In the quarter just ended, they were at their lowest levels since before the Korean War. About 20 percent more hogs were slaughtered in the first quarter of this year than a year earlier. Farmers received 57 cents of the dollar consumers spent for pork products in the first quarter compared with 71 cents a year earlier.

Prices of Frying Chickens Up From Recent Low Levels

Both farm and retail prices of frying chickens made a substantial recovery in the first quarter from the depressed levels in October-December 1954. The retail price in the first quarter averaged 11 percent or 5.1 cents per pound higher than in the preceding 3-month period, the farm value of an equivalent quantity of live chicken was up 7.9 cents, and the marketing margin was 2.8 cents smaller. The retail price and the farm value also were higher than a year earlier and the marketing margin was narrower. Producers received 64 cents of the dollar consumers spent for frying chickens in the first quarter of this year compared with 55 cents in the previous quarter and 59 cents a year earlier.

Prices of Fresh Vegetables Higher Than a Year Earlier

The retail cost of the fresh vegetables in the market basket was about \$7 (12 percent) higher in the first quarter than in the same period of 1954. The farm value of these products was more than \$5 or about 30 percent higher than a year earlier and charges for marketing them were slightly higher. Prices of cabbage, lettuce, onions, and potatoes were up sharply at both the farm and retail levels. Farmers received 37 cents of the dollar consumers spent for fresh vegetables in the quarter just ended compared with 32 cents a year earlier.

^{3/} Estimates of the division of the retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share which would be obtained by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

CONSUMER INCOMES AND EXPENDITURES

Disposable personal income (personal income less personal taxes) averaged \$1,561 per person in 1954, about the same as in the previous year (table 2). A reduction in personal taxes from 1953 to 1954 about compensated for a small decrease in per capita personal income. Per capita real disposable income also was about the same as in 1953, as the general level of consumer prices did not change significantly.

Consumer expenditures for goods and services averaged \$1,441 per person in both 1953 and 1954. An increase in spending for services offset a decrease in expenditures for durable goods. Expenditures for services include rents paid for housing and imputed rents for owner-occupied houses. Expenditures for nondurable goods in 1954 were scarcely changed from the 1953 level. Consumers spent the same proportion of their disposable income for food and tobacco in both years. They spent a slightly smaller proportion for clothing and shoes in 1954 than in 1953, though retail prices of apparel were about the same in both years. The proportion spent for clothing and shoes has declined each year since 1946, and dollar expenditures per person were less in 1954 than in 1946.

Consumer incomes and expenditures are expected to continue high through 1955. According to preliminary estimates, personal disposable income and consumer expenditures (both seasonally adjusted) were slightly larger in the first quarter of this year than in the final quarter of 1954. Expenditures for durable goods were up 10 percent, reflecting expansion in sales of automobiles. Expenditures for services also were larger.

Little Change in Expenditures for Food

Consumers spent an average of \$395 per person for food in 1954, the same as the year before. This expenditure represented 25 percent of disposable income in both years. During the postwar years the proportion spent for food has varied from 25 to 27 percent. However, the same quantity and types of food and services as those purchased during the prewar years 1935-39 would have taken only 17 percent of consumer income in 1954 compared with the 25 percent actually spent. Consumers now buy more food, more expensive food, more processing, packaging, and other marketing services, and more meals in restaurants than they did in the prewar period.

Table 2.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39, annual 1946-54

Year	Dispos- able personal income 1/	Total expendi- ture for: consumer: goods and services: 1/	Food expenditure			Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person 2/	
			Actual 1/	Percentage of -		Actual	Percentage of disposable income
				Dispos- able income	Total expendi- ture for: goods and services:		
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 av.:	514	493	118.6	23	24	118.6	23
1946	1,126	1,037	286	25	28	201	18
1947	1,173	1,145	316	27	28	244	21
1948	1,279	1,211	337	26	28	256	20
1949	1,261	1,211	327	26	27	243	19
1950	1,359	1,279	336	25	26	245	18
1951	1,465	1,350	378	26	28	274	19
1952	1,509	1,391	390	26	28	279	18
1953	1,567	1,441	395	25	27	272	17
1954	1,561	1,441	395	25	27	272	17
Annual rates, seasonally adjusted							
1953							
1st quarter:	1,561	1,440	3/396	25	28	270	17
2nd quarter:	1,572	1,449	3/397	25	27	271	17
3rd quarter:	1,570	1,445	3/394	25	27	274	17
4th quarter:	1,562	1,428	3/392	25	27	271	17
1954							
1st quarter:	1,563	1,428	3/392	25	27	271	17
2nd quarter:	1,560	1,438	3/392	25	27	273	17
3rd quarter:	1,555	1,442	3/397	26	28	274	18
4th quarter:	1,564	1,452	3/398	25	27	267	17

1/ Computed from data of the Dept. of Commerce.

2/ Cost to consumers of quantities of food representing average annual consumption per person during 1935-39; calculated by applying to the actual 1935-39 expenditure for food (\$118.60) a consumer food price index which is a weighted average of indexes representing (a) retail food prices in urban areas (Bur. Labor Statistics), (b) retail food prices in rural areas (Agr. Market. Serv.), and (c) prices received by producers applied to foods consumed on farms where produced.

3/ Quarterly data are estimates by the Agr. Market. Serv. from expenditures for food and alcoholic beverages reported by the Dept. of Commerce. Alcoholic beverages are not included in food expenditures.

CHANGES IN NET INCOME OF FIRMS
PROCESSING AGRICULTURAL PRODUCTS, 1953 AND 1954

In most lines of food processing, aggregate net income (after taxes) was larger in 1954 than in the previous year, according to data compiled by The First National City Bank of New York from published financial reports of leading corporations (table 3). Increases ranged from 7 percent for 86 corporations in the "other food products" group to more than 20 percent for 22 corporations in the sugar industry. The combined net income for 15 leading corporations in the meat packing industry last year was about half that for 1953, which was an exceptionally good year. A slight decrease in the baking industry was indicated by data for 22 corporations.

Among nonfood processors, 20 firms in the tobacco products industry had an increase of 7 percent. In the textile industry, however, earnings generally were lower than in the previous year. Six companies manufacturing woolen goods had a combined deficit of 4.9 million dollars in 1954 compared with a net income of 2.4 million dollars in 1953. Manufacturers of cotton goods and clothing and apparel also showed decreases in net earnings.

Ratios of net income (after taxes) to sales and to book net assets changed in the same direction from 1953 to 1954 as total net income (table 3). Net income in 1954 as a percentage of sales varied from 0.4 percent for the meat packing industry to 4.4 percent for the tobacco products industry. These groups showed the lowest and highest profit-to-sales ratios in 1953 also. Net income as a percentage of book net assets varied from 3.3 percent for the meat packing group to 12.1 percent for the dairy products group. The deficit of the woolen goods manufacturers was 4.4 percent of their sales and 5.1 percent of their book net assets.

The combined net income after taxes of 25 chain retail food-store companies was 18 percent larger in 1954 than in 1953. Their net income in 1954 represented 1.2 percent of their sales and 13.9 percent of their net assets. Corresponding ratios for 1953 were 1.1 and 12.7.

Table 3.- Net income of leading corporations processing agricultural products, 1953 and 1954

Industrial groups	Number of corporations	Reported net income after taxes					
		Total		As percentage of net assets 1/		As percentage of sales	
		1953	1954	1953	1954	1953	1954
		1,000 dollars	1,000 dollars	Percent	Percent	Percent	Percent
Baking	22	54,612	54,089	12.0	11.3	3.5	3.3
Dairy products	14	72,954	84,742	11.2	12.1	2.2	2.5
Meat packing	15	56,054	28,797	6.7	3.3	.7	.4
Sugar	22	21,456	26,187	4.0	4.9	2.3	2.9
Other food products	86	261,615	279,271	11.1	11.3	3.3	3.7
Tobacco products	20	130,140	139,660	10.0	10.2	3.9	4.4
Cotton goods	35	58,025	31,135	6.9	3.6	3.6	2.3
Woolen goods	6	2,378	2/4,941	2.4	-5.1	1.2	-4.4
Clothing and apparel:	31	16,924	13,063	6.8	5.1	2.7	2.3

1/ Book net assets at the beginning of the year are based on the excess of total balance-sheet assets over liabilities.

2/ Deficit

Compiled from "Monthly Letter, Business and Economic Conditions," The First National City Bank of New York, Apr. 1955.

THE CURRENT TRANSPORTATION SITUATION 1/

A 10-Year National Highway Program

The President's Advisory Committee on a National Highway Program estimated in its recent report that 101 billion dollars will be necessary for road construction during the 10-year period 1955 to 1964. 2/ Of this, 64 billion dollars was recommended for rural needs and 37 billion dollars for urban (table 4). The Committee further recommended that the Federal Government finance approximately 30 percent of the costs of the program while the remaining 70 percent would be the responsibility of State and local governments.

Of particular interest to farmers is the 15 billion dollar estimate for farm-to-market roads. This is 23 percent of the 64 billion dollars estimated as needed for rural roads during the 10 years ahead. As of July 1, 1954, the farm-to-market system totaled about 483,000 miles. 3/ All roads and streets in the United States approximated 3-1/3 million miles. The Committee stated that the highway improvement program is not designed to achieve more roads but rather better ones.

The 25 billion dollars of Federal Government funds recommended for the Interstate Highway System would be the financial responsibility of a Federal highway corporation (table 4). This corporation would be created as an independent agency of the Government and would be empowered to issue revenue bonds to finance its share of the program. Federal taxes on gasoline and lubricating oils are expected to be sufficient to meet the bond obligation as well as to finance the remaining 6 billion dollars of regular Federal aid.

The Committee stated that it "offers no suggestions as to how the local governments may raise the funds to do their share of the program." The Committee recommended that where States had under construction or had already completed sections of the interstate system, they should receive appropriate matching Federal funds whether these systems were State financed or toll financed. These funds would be limited to roads built since 1947 and the amount would vary with the nearness of the existing roads to the new construction standards. Federal funds would not be available for toll roads unless the revenue from the tolls over and above the financing requirements were used exclusively for road construction which meets the prescribed Federal standards. The American Automobile Association, American Trucking Association, the National Association of Motor Bus Operators, and other groups have expressed opposition to the Committee's suggestion for matching Federal funds for State toll roads.

1/ Prepared by James R. Snitzler, Transportation Economist, Agr. Market. Serv.

2/ The program was first proposed by President Eisenhower on July 12, 1954, as a 50 billion dollar expenditure for highway improvements. This amount excluded expenditures which had previously been planned by the State and Federal Governments. In contrast, the Committee's 101 billion dollar program includes both previously planned expenditures, which had been estimated at 47 billion dollars, and 54 billion dollars of new expenditures for highway modernization. The President's original estimate has thus been increased by 4 billion dollars.

3/ The "farm-to-market" system consists of important feeder roads linking farms, factories, distribution outlets, and small communities with the Federal primary system.

Table 4-- Proposed expenditures for the National Highway Program, 1955-64

System	Estimated 10-year needs:			Proposed financial responsibility			
	Rural	Urban	Total	Federal highway corporation	Regular Federal aid	State and local government	Total
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
<u>Interstate</u>							
Existing	12	11	23	22	---	1.00	23.00
Extended	---	4	4	3		1.00	4.00
<u>Federal aid</u>							
Primary	20	10	30		3.15	25.88	29.03
Secondary (farm-to-market roads)	15	---	15		2.10	12.90	15.00
Urban			<u>1/</u>		.75	<u>2/</u>	.75
Forest highways			<u>1/</u>		.23	<u>2/</u>	.23
All Federal systems ..	47	25	72	25	6.23	40.78	72.01
Other rural roads	17	---	17			17.00	17.00
Other city streets	---	12	12			12.00	12.00
All systems	64	37	101	25	6.23	69.78	101.01

1/ Estimated needs are included in "Interstate system."

2/ Included in proposed 25.88 billion dollar expenditure by State and local governments for the "Federal aid, primary" system.

Numerous bills designed to implement the Administration's national highway program have been introduced in Congress during the last month. Among these are H.R. 4260, 4261, 4364, 4518, and S. 1160. Other bills (H.R. 4371 and S. 1048) have been introduced which seek to increase the Federal Government's contribution under the present Federal-aid plan. The Senate Public Roads Subcommittee has begun hearings on two of the bills before it.

Legislation Introduced in Congress

Trip-Leasing

In addition to the legislation relating to the proposed national highway program, several other bills dealing with various phases of the transportation industry have been introduced in the present session of the 84th Congress. The issue of trip-leasing of motor vehicles has again been brought before Congress through the introduction on February 1 of

S 898. 4/ This bill seeks to end the Interstate Commerce Commission's power to prohibit trip-leasing of motortrucks.

A similar bill, H.R. 3202, was introduced in the last session of the 83rd Congress but died in the Senate Committee without coming to a vote on the floor. (See the October 1954 issue of this Situation.)

Although the Commission's proposed 30-day leasing rule was to become effective March 1, 1955, it has been postponed. 5/ In Ex Parte MC-43, Lease and Interchange of Vehicles by Motor Carrier, December 1954, the Examiner proposed that the effective date of the rule be postponed for at least 2 years beyond March 1, 1955. But on February 9, the Commission announced a postponement of the 30-day leasing rule only until March 1, 1956.

Oral argument on the Examiner's report was held on April 7 and 8 in Washington, D. C. The United States Department of Agriculture is an active participant in these proceedings, as it is generally believed by agricultural interests that if the ban on trip-leasing goes into effect the number of trucks available to haul farm products will be sharply curtailed.

Agricultural Exemption Proposed in Civil Aeronautics Act

Two identical bills, H.R. 232 and H.R. 3125, introduced on January 5 and January 26, 1955, seek to amend the Civil Aeronautics Act of 1938 so as to exempt persons who engage indirectly in the transportation of livestock, fish (including shellfish), or agricultural, floricultural, or horticultural commodities (not including manufactured products thereof), from the Act and from regulation by the Civil Aeronautics Board. 6/ A similar bill, H.R. 6310, was introduced during the Second Session of the 83rd Congress by Representative Younger of California. This bill passed the House but died in the Senate Committee on Interstate and Foreign Commerce.

The proposed exemption will apply to air freight forwarders as well as cooperative agricultural shippers' associations that perform the functions of air freight forwarding for their members. These latter groups are made up of small shippers who combine their shipments in order to obtain lower freight rates offered by the airlines on larger volume shipments. The original bill, H.R. 6310, referred to previously, was introduced at the

4/ Trip-leasing is practiced by truckers, especially those hauling nonmanufactured agricultural products. Certain provisions of the Motor Carrier Act exempts the latter haulers from rate and route regulations by the Interstate Commerce Commission. After hauling agricultural products to a central market, these haulers lease their trucks to regulated carriers for return trips.

5/ This rule requires that leases be for a minimum period of 30 days. The result is to prohibit trip-leasing, as single trips would not require any such time period.

6/ Air freight forwarders, cooperative shippers' associations, and the Railway Express Agency (Air Express Division) are referred to as indirect carriers by the CAB.

suggestion of several small cooperative associations of flower growers and shippers in California. At the present time, agricultural cooperative shippers' associations engaged in air freight forwarding operations for their members are required to submit certain economic information to the Civil Aeronautics Board as the basis for receiving a "letter of registration." This document exempts these associations from rate and other types of regulation which are now imposed on certificated air carriers. The previously mentioned bills would eliminate the necessity of obtaining this "letter of registration."

The whole question of regulating air-freight forwarders, cooperative shipping associations, and the Railway Express Agency (Air Express Division) has been under investigation by the CAB during the last year. Lengthy hearings have been held and an Examiner's initial report was issued in December 1954. 7/ Oral arguments on the Examiner's report were held on March 29 and 30.

Removal of Bulk Commodity Exemption from Water Carriers

S. 951, introduced on February 4, would amend Part III of the Interstate Commerce Act (that portion pertaining to water carriers) in order to remove the bulk-commodity exemption with respect to certain water carriers. The Act now grants exemption from regulation as to rates, routes, and so forth by the Interstate Commerce Commission to commodities in bulk when the cargo space of the vessel in which such commodities are transported is used for the carrying of not more than three commodities in a single trip. Bulk commodities are described as those which are loaded and carried without wrappers or containers and received and delivered by the carrier without transportation mark or count.

The bulk commodity exemption was included in the Transportation Act of 1940 so as to limit the competition of Great Lakes shipping interests with Canadian and other vessels under foreign registry. Many vessels operating on the Great Lakes are designed to haul one to three types of bulk commodities per voyage.

Since the passage of the 1940 Act, however, there has been a great increase in the tonnage hauled on the Inland Waterways -- excluding the Great Lakes. Much of this tonnage moves under the bulk-commodity exemption and has consisted largely of such important agricultural products as grain, animal feeds, and fertilizers. In addition, large quantities of gasoline and fuel oil -- significant items in farm operation -- have also moved along the Inland Waterways under this same exemption. 8/

7/ CAB Docket No. 5947 Et Al, Air Freight Forwarder Investigation, Dec. 2, 1954.

8/ The Transportation Act of 1940 also exempts the transportation by water of liquid cargoes in bulk in tank vessels designed for use exclusively in such service and certified under regulations approved by the Secretary of Commerce (later amended to Commandant of the Coast Guard). But much of the gasoline and fuel oil moving along the Inland Waterways is transported under the bulk-commodity exemption, as described previously, rather than the certified tankers' exemption. The reason for this is that these products typically move on barges on the Inland Waterways, not specifically designed tankers. For example, barges may carry a load of gasoline or fuel oil up the river and haul grain, fertilizer, or lumber on the return trip down the river.

This bill, S. 951, would remove the exemption from these types of commodities transported in bulk on the Inland Waterways, not including the Great Lakes and coastwise transport. Coastwise is defined in the bill as movements between points along the coasts but not including transportation which moves over the Atlantic and Gulf intracoastal inland waterways systems.

As a result of the removal of the exemption, water carriers of bulk commodities would be required to obtain a Certificate of Public Convenience or Necessity (in the case of common carriers) or a Permit (in the case of contract carriers) from the Interstate Commerce Commission. Route restrictions and rate regulation are a part of the Certificate or Permit.

An identical bill, S. 3111, was introduced in the Second Session of the 83rd Congress, but no action was taken. Both bills have the active backing of the regulated common carriers now operating on the Inland Waterways.

Transportation Charges

Increase in Motor Carrier Class Rates

Additional hearings on two recent increases in class rates of regulated motor carriers were held in Washington, D. C., on March 15 to 21, 1955. Prior hearings had been held before the Interstate Commerce Commission in January 1955.

As reported earlier, the Commission had allowed interim increases ranging from 18 to 25 percent to go into effect between Middle Atlantic and New England Territories and between points in the Middle Atlantic Territory. 9/ Pending final approval of these rate increases, the Commission had ordered a general investigation. This investigation is covered by ICC Dockets MC-C-1690 and MC-C-1946.

On September 27, 1954, a complaint was filed by the Middle Atlantic Conference, assigned Docket Number MC-C-1707, and joined with the above two dockets in the Commission's general investigation. This complaint was brought by the Conference against 900 motor carriers who had refused to go along with the above-mentioned rate increases. Some of these 900 carriers are members of the Middle Atlantic Conference. It is anticipated the hearings will extend over a 2-week period. The United States Department of Agriculture is a participant in these proceedings.

9/ The territory of the Middle Atlantic Motor Carrier Conference includes New York, New Jersey, Delaware, Maryland, the District of Columbia, West Virginia, most of Pennsylvania and Virginia, and a very small portion of North Carolina. For additional information on these rate increases, see the October 1954 issue of this Situation.

Interim Finding Proposed in Railroad Class Rate Case

A recent development in the long drawn out Mountain-Pacific railroad class rate proceedings may give some relief to shippers prior to final settlement of the case. For example, at the beginning of the Phoenix hearing on February 28, 1955, an ICC Commissioner announced that the Commission was considering the advisability of an interim rate adjustment. This development came about largely as a result of the filing of motions by some of the shippers' associations in Mountain-Pacific Territory requesting the Commission to grant temporary or interim relief. The Commission's views on this matter, as expressed by the Commissioner, were that sufficient data were now contained in the record to permit consideration being given to the issuance of a temporary or interim finding.

In line with this thought, the Commission has recently issued a call for submission of briefs on May 16 and oral argument on July 7 by the interested parties.

At the close of the hearings in Phoenix, several of the shippers' groups and members of the State commissions from some of the Western States recommended that the Interstate Commerce Commission's interim order adopt the class rate scale set forth in Docket 28300, which is substantially lower than the present class rate scale. It is also lower than the rate scale proposed by the western railroads.

The interim order would be made applicable to traffic moving on class rates within Mountain-Pacific Territory and between that Territory and the area east of the Rockies.

Final Hearings Held on Railroad Refrigeration Rate Case

Hearings on the railroad refrigeration case (docketed as ICC No. 31342, Proposed Increase for Refrigeration Charges) have ended. Final hearings were held at Highland Park, Illinois, January 25 to 27, 1955. Extensive hearings dating from last February have been held in several cities. Filing of briefs by interested parties has been set for May 3, 1955. It has been previously reported that the railroads filed a petition with the Interstate Commerce Commission in September 1953 asking for a 31.6 percent increase in per car refrigeration charges, with exceptions, and for special regional increases in charges for services of icing and re-icing. (See the May and October 1954 issues of this Situation.)

Railroads Petition for Permanent Rate Increase

On April 15, 1955, more than 500 railroads petitioned the Interstate Commerce Commission to make permanent, without hearing, the 15 percent surcharge on rail freight rates originally authorized May 2, 1952. On July 29, 1953, the surcharge which was to expire February 28, 1954, was extended by the ICC until December 31, 1955.

MOTORTRUCK TAXES AND RECIPROCITY 1/

Farmers have a large stake in the maintenance of an efficient and economical system of interstate truck transportation. The development of this system has owed much to the practice of reciprocity among the States with respect to registration fees and similar charges on truck transportation. In recent years, these reciprocity agreements have been threatened by the imposition of State weight-distance taxes on motortruck operation. The States that levied these taxes considered them to be an equitable means of obtaining funds for much needed road maintenance and construction. Insistence of some States on collecting these taxes from out-of-State truckers has caused other States to cancel or suspend reciprocity agreements with them.

The Nature of Reciprocity Agreements

Reciprocity agreements provide that the various States recognize each other's vehicle registrations. This means that a truck registered in one State can move into other States without having to pay additional registration fees. These arrangements are advantageous to those using trucks which cross State lines, as registration fees generally represent a significant portion of the total cost of truck operation. The costs of a trucker who conducts his operations in several States would increase greatly if he had to register his truck in each State. Further, his clerical work would increase, particularly because there is little uniformity among States in the basis of registration. Some States register trucks by gross weight; others use empty weight or rated capacity. It is not likely that the trucking industry would have attained its present scale of operations if truckers had been required to register in each State in which they operated.

Most reciprocity agreements cover only the registration fee. Consequently, the out-of-State trucker may have to pay other fees, such as miscellaneous payments to the State highway or public service regulatory body, and sometimes a tax based on gross revenue from business done within the taxing State. The burden of these fees is seldom great. The interstate trucker pays fuel taxes in the State in which the fuel is purchased. Frequently he pays a "use tax" on fuel used in a given State but purchased elsewhere. This tax is used by small States to collect some fuel tax, as trucks often move across these States without buying any fuel.

Reciprocity agreements are by no means universal or uniform. Most State vehicle codes empower a State official or group of officials to enter into reciprocity agreements on a discretionary basis. The official then proceeds to negotiate agreements with officials of other States on a give-and-take basis. The result is that reciprocity is provided for some fees but not for others. The trucker is able, however, to find out with what States his "home" State has reciprocity agreements and what items are covered, and can plan his operations accordingly.

1/ Prepared by Hugh S. Norton, Transportation Economist, Agr. Market. Serv.

Weight-Distance Taxes

Between 1930 and 1940, a few States passed legislation imposing taxes on property-carrying vehicles based on vehicle weight and distance traveled. After the war, officials of other States, in the search for additional revenues, began to consider taxes based on weight and distance. Road maintenance and construction of new roads in most States fell far behind during World War II. State officials were faced with a heavy program of deferred maintenance as well as new highway construction necessitated by the expanding numbers of cars and trucks. The task was further increased by rising construction costs. The declared purpose of these taxes was to bring truck taxes into closer relationship with the weight of the truck and the use of highways as measured by individual truck mileage. These taxes were called "ton-mile," "axle-mile" taxes or, "weight-distance" taxes. 2/

Much controversy exists as to how much damage heavy trucks do to highways. While several tests have been conducted, few definite conclusions can be drawn. However, many believe that heavy trucks should pay more in road taxes than lighter vehicles. General increases in registration fees or fuel taxes would affect all highway users and would be unpopular. Registration fee or fuel-tax increases would be of little help to "bridge" States where relatively few trucks are registered and through which other trucks may pass without refueling, though these States may gain some benefit from a "use tax" on fuel.

Although truckers, as well as some industrial and farm groups, agree that new and improved highway facilities are badly needed, they are not in agreement as to the means of financing. Also, truckers deny that disproportionate damage results from the use of heavy trucks if the road is properly built and if, through correct loading, the weight is properly distributed over the various axles. The truckers question the theory of the ton-mile tax on grounds that weight-distance is not a good measure of highway use. The tax is criticized on the practical grounds in that it is difficult and expensive to collect. In general, two methods of collection are open to a State: (1) The State can set up a system of "ports of entry" so that all trucks coming into the State are checked and liability established and (2) the State can allow the trucker to report his own mileage and liability, supplementing this self-reporting with spot audits of the books. The "port-of-entry" system is effective but costs are substantial and it frequently builds up resentment. The self-reporting system is defective in that the State could not hope to check even a small part of the trucks effectively. It is said that the self-reporting system penalizes those who carefully report all movements while the way is left open for evasion of full-tax liability by those who do not.

There is certainly no question that the ton-mile tax is expensive to administer compared with the fuel tax and other levies on highway users. State authorities maintain that lack of experience is partly

2/ Together with many incidental fees which were not part of registration fees or fuel taxes, they came to be known as "third structure" taxes. Historically, the vehicle registration fees have been called "first structure" taxes and fuel taxes "second structure" taxes.

responsible and that in the future the tax can be collected more efficiently. In past years, several States adopted ton-mile taxes and have subsequently abandoned them.

One proposal which has been advanced as an alternative to the weight-distance tax is a system of distribution of truck registrations on the basis of mileage operated in the various States. Some large fleet owners have followed this practice. If placed on a compulsory basis through State legislation, this system might satisfy some of the "bridge" States which are not satisfied with the present system.

Weight-Distance Taxes and Reciprocity

The annual cost of weight-distance taxes for the operator of a large truck is substantial, frequently more than the registration fee. Some of the States having weight-distance taxes put them in the same class as other fees for purposes of reciprocity. Some States, however, took the view that inclusion of the weight-distance tax in reciprocity agreements would defeat one of the prime purposes of the tax. These States pointed out that much traffic using their highways consisted of "foreign" trucks moving interstate and paid little or nothing to the State.

Two large Eastern States, New York and Ohio, caused an immediate furor when they adopted a weight-distance tax but did not grant reciprocity. Much of the controversy has centered about Ohio, which enacted an axle-mile tax in 1953 and left the granting of reciprocity within the discretion of State officials. Since the act was passed, these officials have not granted reciprocity to out-of-State trucks.

Many States have cancelled their reciprocity agreements with Ohio. Ohio truckers immediately became alarmed that this would force them to pay registration fees in all the States in which they operated, and many threatened to shift their headquarters out of the State. Some truckers reportedly did this but there is little evidence that it was carried out on a large scale. Eighteen States have revoked their reciprocity agreements with Ohio or have otherwise retaliated against the State.

The trucking industry generally is apprehensive about any conflict between the States over reciprocity. The ton-mile tax is objectionable to the truckers but the threat of a widespread breakdown in reciprocity would be worse. During the 1930's, when interstate trucking was much less important than at present, reciprocity suffered because of State-imposed economic barriers resulting from the depression.

Because of the concern about the possibility of a general breakdown in reciprocity, several groups have surveyed the situation and made their views known. The National Highway Users Conference, the American Trucking Associations, Inc., and the Association of American Railroads have published opinions on the subject. Other organizations, not directly identified with the transportation industry, have also investigated the situation. The American Farm Bureau Federation, the National Association of Railroad and Utilities Commissioners, the National Association of Tax Administrators and the American Association of State Highway Officials have contributed their opinions. Both those who favor and those who oppose weight-distance taxes have presented strong arguments. Meanwhile, the reciprocity problem remains unsolved.

TRENDS IN MARKETING SOYBEANS 1/

Soybeans have become a leading cash crop for American farmers in the last 15 years. Their farm value has increased more than elevenfold during this period and soybeans are now the largest of the oilseed crop grown in the United States. From less than 5 million acres producing 78 million bushels in 1940, farmers expanded production to 17 million acres producing 343 million bushels in 1954. The farm value of the 1954 crop is tentatively estimated to be about 901 million dollars. Illinois, Iowa, Indiana, Minnesota, Ohio, and Missouri are the leading soybean States, producing about 85 percent of the crop each year.

Farmers generally sell the bulk of their soybean crop to local country elevators either at harvest time or following a period of farm storage, although a few sell directly to processors. Country elevators sell soybeans to dealers, merchandisers, and processors. Soybeans usually are moved from the country elevators by rail to processors' mills or to terminal elevators for export or storage. (See cover Chart.)

Since the end of World War II, processing capacity has increased even faster than soybean production so that the volume of soybeans available for processing has not been sufficient to keep all mills operating continuously. While much of the expansion in processing capacity has resulted from a changeover from screw-press to solvent-extraction equipment with larger capacity, many processors have built new solvent-extraction plants at favorable locations in expanding soybean areas. Processors with solvent-extraction plants increased their portion of the total volume of soybeans processed from about 56 percent in 1949-50 to 86 percent in the 1952-53 season. Processors now operate under highly competitive conditions and their margins are comparatively small. Many processors, both those with screw-press and solvent-extraction equipment, have in recent seasons discontinued operations indefinitely or for short periods because of relationships between prices of soybeans and the products produced -- soybean oil and soybean oil meal. Many processors with older type equipment have dismantled and sold their soybean-processing equipment as a result of inability to compete with the modern solvent-extraction plants.

The primary functions of the soybean processor are (1) buying soybeans, (2) processing, and (3) selling soybean products.

Buying Soybeans

The bulk of the soybean crop is marketed by farmers in October, November, and December each year. About 50 percent of the volume processed was received at mills during these months in the last three seasons. Procurement practices vary with size of mill and from location to location. Most soybean oil mills, however, may be distinguished as "milling-in-transit" and "local" processing operations. "Local" processing operations are usually characterized by lack of middlemen, both in the purchasing of

1/ Prepared by Calvin C. Spilsbury, Agricultural Economist, Agr. Market. Serv.

soybeans and in the sales of the soybean oil meal produced. The bulk of the soybeans are usually purchased during harvest season at the mill in small, ungraded lots. "Milling-in-transit" operations are carried on by most soybean processors who are located where local demand for meal is relatively limited. Most processors carry on this type of operation and their mills are located at rail points on routes somewhere between the country elevators assembling soybeans and the ultimate markets for soybean oil meal. Soybean processors who have been granted "milling-in-transit" privileges by the railroads, can ship soybeans in volume from country elevators located on certain roads, unload, store, and process them at their mills, and ship the soybean oil meal to market on the same bill of lading on which the soybeans were transported to the mill. Because of this practice, the overall cost of transportation of soybean processors is lower than it would be if outbound shipments of soybean oil meal and shipments of soybeans received at the mill were billed separately.

Processors operating "transit" mills often buy soybeans directly from the country elevators. The percentage of the total supply that is bought in this way depends upon the location and size of the plant. Country elevators assemble the many small lots of beans of different quality received from the farmers into carlots of more uniform quality. This service is necessary for most processors as the economic advantages gained from utilizing the "milling-in-transit" privileges usually preclude the transporting of a large volume by truck. Processors often enter into contracts with country elevators for the storage of soybeans. This provides the processor with additional storage and a reserve quantity of soybeans to draw upon to meet processing needs. The processor, by these practices, may insure his mill of more continuous operation and provide the country elevator operator with more profitable utilization of his storage facilities. A few processors own and operate country elevators.

Processors with large "milling-in-transit" plants, primarily solvent-extraction, located in the central soybean area, obtain the bulk of their season's soybean requirements through dealers and commission firms who in turn obtain beans from the country elevators. Commission firms, like dealers, have followed the practice in recent seasons of purchasing soybeans from country elevators for their own account. Some soybeans are obtained through soybean merchandisers who specialize in export sales. The processor is relieved of the heavy cost of maintaining a large buying department for a charge of 1/2 cent to 2 cents a bushel. The difficulty of keeping in touch with the seasonal movement of soybeans at hundreds of country elevators is thus shifted from the processor to intermediaries.

The soybean buyer for a large processing plant places new price bids for soybeans each day with dealers and commission firms. Bids are usually based on the Chicago Board of Trade closing futures quotations and are for a given quantity and quality of soybeans delivered at points on specific railroads. The commission firms place the processor's bids with the country elevators with whom they do business. The commission firm then advises the processor of the quantity of soybeans purchased for his account. Soybeans are sampled, weighed, and the grade determined when they are received at the processor's plant. Settlement is made on the basis of this analysis.

Prices paid for soybeans by processors are, of course, related to the anticipated returns from the oil and the meal produced from the soybeans. A processor, in determining the price he can bid for a bushel of soybeans, must deduct from the expected returns when the products are sold, his processing and profit margin, the costs of delivering the soybeans to his mill, and the buying and sales costs. He can pay more for soybeans at country elevators located on railroads which grant him milling-in-transit privileges or other transportation advantages. The processor must consider the amount of inbound freight paid on soybeans and the proportion of this original charge recovered when soybean oil meal is shipped to its ultimate destination. Soybean oil, which represents about 20 percent of a carload of soybeans, by weight, is not granted the transit privilege.

The possibility of reducing unit costs by increasing output is an incentive for a processor to buy enough beans to keep his plant operating at capacity. To secure the requisite volume in competition with other processors, he sometimes must cut his margin close in order to place a successful bid on the market.

To reduce risk from price changes when he buys soybeans, a processor may sell simultaneously the products for future delivery. If this is not possible, the soybeans he buys are generally hedged on the futures market. He does this by having his broker sell an equivalent quantity of futures. When he is able to sell the products of the cash soybeans he lifts the hedge by having his broker buy back the equivalent amount of soybean futures. As the processor is not always able to purchase "cash" soybeans when there is a demand for the products, he may buy soybean futures to cover his forward "cash" product sales. Sometimes, where the market remains tight, the processors may actually take delivery on futures contracts of "cash" soybeans at Chicago and have them shipped to his plant for processing to meet his forward sales. At the end of each day's operations, the soybean buyer determines his "position" in the market, based on his total soybean purchases and the forward "cash" sales of soybean products. He can determine the number of bushels of soybeans for which products have not been sold and should be hedged by futures sales, or, conversely, the number of bushels for which purchases of soybean futures should be made.

The increase in farm storage of soybeans in recent years has resulted in more orderly marketing. Harvest time gluts in the market have been reduced considerably.

Transportation of Soybeans and Soybean Products

Transportation costs have had significant influences on the development and location of the soybean-processing industry. The practice of granting "milling-in-transit" privileges to soybean processors at specific locations was initiated by railroads when the industry was in its infancy to induce processors to build mills on their lines. Processors have worked out many agreements for transit privileges with railroads since that time. The "milling-in-transit" privilege has limited the expansion of the practice of trucking soybeans to plants. At least 80 percent of the soybeans received at mills are transported by rail. With the mechanical unloading and elevating equipment at most processing plants, soybeans received in boxcars can be handled with less cost than those received by truck. Soybeans are especially adaptable to bulk handling by machinery.

Table 5.- Estimated value of "transit" and other transportation privileges to processors per bushel of soybeans shipped to mills in major milling States, 1952-53

Item	Illinois	Indiana	Iowa	Ohio	Four-State average
	Cents	Cents	Cents	Cents	Cents
Average freight revenue per bushel received by railroads for transporting soybeans to mills 1/	13.81	14.96	14.69	12.79	13.95
Average freight cost per bushel actually paid by mills 2/	3.73	3.17	3.54	3.26	3.57
Estimated value of transit and other transportation privileges per bushel shipped 3/	10.08	11.79	11.15	9.53	10.38

1/ Inbound freight paid (revenue) on receipts. Average for 1952 and 1953 shown by ICC 1-percent waybill sample of all rail shipments of soybeans terminating in State.

2/ Total freight cost as reported by mills receiving the bulk of their soybeans by rail.

3/ Including back-haul and out-of-line hauls.

The average charges or revenue received for rail transportation of soybeans shipped from States in which the soybeans are grown to the States in which they are processed are available from the 1-percent waybill sample of State-to-State shipments on the major railroads taken by the Interstate Commerce Commission. A weighted average of these charges provides a good estimate of what the average cost would be to soybean processors for shipping soybeans to their plants without the transit privilege. The actual shipping cost for most of the large soybean processors receiving all or most of their soybeans by rail has been obtained in a special survey. The difference between these two costs can be regarded as an estimate of the value of the transit privilege (table 5). Thus, for the large "transit" mills in Illinois, the value of this privilege was about 10 cents a bushel in 1952-53. The estimated value of the transit privilege to the average large mill in the four major processing States was 10.4 cents a bushel. Thus, the "transit" processor is able to pay approximately 10 cents more a bushel under present "transit" arrangements than another mill in the same location that did not have milling-in-transit privileges. This has been an advantage in purchasing soybeans in competition with purely "local" mills and has limited expansion of local mills. The estimated value of the transit privilege is more than 25 percent of the total processing cost of about 37 cents a bushel. The high value of this privilege indicates the reason processors move the bulk of their soybeans by rail. It also suggests the need for coordination of procurement activities and meal sales and for the services of a traffic expert at the large mills. This privilege, moreover, has encouraged the development of large-scale processing operations, which are generally more efficient than smaller mills.

Milling-in-transit privileges have been of primary importance in the locating of mills at points where a large volume of soybeans could be received by rail from country elevators and soybean products, particularly soybean oil meal, could be shipped along the same routes. Most soybean oil mills are located within soybean-production areas though a few are several hundred miles away. Large processing mills, such as those at Decatur, Illinois, have been built only at locations where established transit rates were available or could be worked out with the railroads. Where such privileges were not available, the expansion of small mills was economically unsound,

The average distance that soybeans were transported to processing plants in the central soybean States was approximately 118 miles in the 1948 to 1952 period. The bulk of the soybeans was transported in boxcars with an average load of 101,000 pounds. During this period, Illinois mills transported soybeans an average of 109 miles, Iowa mills 112 miles, Ohio mills 126 miles, and Indiana mills 128 miles. A few shipments were made to these States from over 500 miles.

Approximately two-thirds of the volume shipped by rail was terminated within the States in which the shipments originated and one-third was shipped to neighboring States. Indiana, Illinois, Missouri, Minnesota, and Iowa were important States shipping interstate.

Trucking soybeans to processing plants has been increasing in recent years in Indiana, Iowa, western Illinois, and some other sections of the central soybean belt. On the other hand, many large processors in the central area still move very few soybeans to their plants by truck. The small soybean processors serving local areas throughout the belt have always received a considerable volume of soybeans by truck. It appears also that in many of the fringe areas and Southern States where soybean production has increased in recent years, practically all the soybeans have been transported to mills by truck. The volume of soybeans so transported is influenced considerably by the size of the soybean crop, the amount the soybean processor can afford to pay for trucking, the availability of boxcars, the availability of soybean oil meal or mixed feed for return loads, the congestion of rail traffic at the soybean processing plants, and the availability of facilities for handling trucks at the processing plants. A considerable volume of soybeans is transported by barge, mainly for export. Soybeans are transported in volume on the Mississippi River to New Orleans and some are moved into the Chicago area by barge.

Average transportation costs to processors for soybeans received at mills in the 1952-53 season totaled 3.5 cents per bushel, of which 3.0 were paid to railroads and 0.5 to truckers. Transportation costs averaged about 9 percent of total processing and transportation costs at solvent-extraction mills and 10 percent at screw-press mills in the 1952-53 season.

Processing Soybeans

More than four-fifths of the soybeans harvested in most postwar years have been processed at domestic soybean oil mills. ^{2/} Present operating capacity of the soybean processing industry is over 300 million bushels a season. In 1952-53 the capacity of operating solvent-extraction units was about 240 million bushels, compared with 60 million bushels for screw-press units. In addition, an unused capacity of about 15 to 25 million bushels, principally screw-press and hydraulic facilities, some of which are used to crush cottonseed, could be put into operation on soybeans.

The estimated capacity of the industry as shown in table 2 is based on 11 months' operation at the peak monthly rate of individual mills, as reported to the Bureau of the Census. Adjustments in the estimates of capacity were made where other oilseeds were the major oilseed processed by volume. In such instances the soybean capacity of the mill was based on 6 months' operation.

At the end of the 1952-53 season, the soybean-processing industry was comprised of 174 mills, 71 solvent-extraction, 74 screw-press, 8 combination solvent and screw-press, 1 combination screw-press and hydraulic-press, and 20 hydraulic. Of these 123 mills operated solely on soybeans and an additional 10 mills processed soybeans as their major oilseed along with cottonseed and flaxseed (table 7). An additional 41 mills processed soybeans as a minor oilseed. In the last season at least two new solvent-extraction plants have been completed and put into operation on soybeans.

More than half of the soybean-processing mills in the United States are located in Illinois, Iowa, Ohio, Indiana, Missouri, and Minnesota. Illinois and Iowa have over half of the mills in the central soybean States.

A principal trend in the industry has been the decline in the number of active screw-press plants and the operation of the active plants of this type at a lower level of capacity. On the other hand, there has been a steady increase in the number of solvent-extraction plants which generally have operated at a higher rate of capacity. Many processors who operated combined screw-press and solvent-extraction plants have closed down their screw-press operations completely. These trends during the 1951-52 and 1952-53 seasons are shown in table 6.

^{2/} Approximately 10 percent have been exported, about 8 percent have been used for seed and the remainder for feed.

Table 6.- Soybean oil mills: Number operating, estimated capacity, and volume processed, by type of mill, 1951 and 1952

Season and type of mill	Mills	Volume processed during peak month	Estimated capacity 11-month operation 1/	Soybeans processed		
				Volume	As percentage of -	
					Capacity	Total processed
	Number	1,000 bushels	1,000 bushels	1,000 bushels	Percent	Percent
<u>1951 2/</u>						
Solvent-extraction	53	12,501	134,759	111,069	82.4	45.5
Screw-press	86	6,304	65,479	45,304	69.2	18.5
Combination 3/ 4/	22	10,561	115,801	84,784	73.2	34.7
Hydraulic	31	1,111	7,524	3,221	42.8	1.3
Total	192	30,477	323,563	244,378	75.5	100.0
<u>1952 2/</u>						
Solvent-extraction	71	19,737	209,787	180,566	86.1	77.0
Screw-press	74	4,139	42,005	26,577	63.3	11.3
Combination 3/ 4/	9	4,080	44,883	25,471	56.7	10.9
Hydraulic	20	654	4,435	1,987	44.8	.8
Total	174	28,610	301,110	234,601	77.9	100.0

1/ Estimated capacity is volume that would be processed by operating for 11 months at output equal to that of peak month of season, except that 6 months' operation was used instead of 11 months for mills at which another oilseed was the major oilseed processed.

2/ Year beginning Oct. 1.

3/ Mills with both solvent-extraction and screw-press equipment; 1 mill with screw-press and hydraulic-press equipment.

4/ When percentage processed by combination mills is added to percentages processed by mills having a single type of equipment, the following distribution is obtained:

	<u>1951</u>	<u>1952</u>
	Percent	Percent
Solvent extraction	73.7	85.8
Screw press	24.9	13.3
Hydraulic press	1.4	.9

Computed from reports of the Bur. of the Census.

Table 7.- Soybean oil mills: Number by State and type,
1952 operating season ^{1/}

State	Solvent- extraction	Screw-press	Combination ^{2/}	Hydraulic	Total
	Number	Number	Number	Number	Number
<u>Central soybean States</u>					
Illinois ^{3/}	14	13	2	---	29
Indiana	4	5	---	---	9
Iowa ^{3/}	11	13	2	---	26
Ohio	6	6	1	---	13
Missouri	3	3	1	---	7
Minnesota	4	2	1	---	7
Kansas	1	2	1	---	4
Kentucky	3	---	---	---	3
Nebraska	---	3	---	---	3
North Dakota	---	---	---	1	1
South Dakota	---	1	---	---	1
Wisconsin	---	1	---	---	1
Total, Central soybean States ...	46	49	8	1	104
<u>Other States, by areas</u>					
<u>Northeast</u>					
Delaware	1	---	---	---	1
New Jersey	---	1	---	---	1
New York	1	---	---	---	1
Pennsylvania	---	1	---	---	1
<u>Southeast</u>					
Alabama	2	1	---	1	4
Florida	---	1	---	---	1
Georgia	2	1	---	1	4
North Carolina	---	3	---	3	11
South Carolina	---	2	---	4	6
Virginia	---	2	---	---	2
<u>Valley (Mississippi)</u>					
Arkansas	3	4	^{4/} 1	2	10
Louisiana	1	---	---	---	1
Mississippi	7	---	---	1	8
Tennessee ^{3/}	5	1	---	---	6
<u>Southwest</u>					
California	2	2	---	---	4
Oklahoma	---	5	---	1	6
Texas	1	1	---	1	3
Total, other States ...	25	25	1	19	70
Total, all States	71	74	9	20	174

^{1/} Operating on soybeans during season -- Oct. 1, 1952, to Sept. 30, 1953.

^{2/} Solvent-extraction and screw-press equipment at same location.

^{3/} New solvent-extraction mill under construction or now in operation but not included in totals.

^{4/} Screw-press and hydraulic equipment.

Agr. Market. Serv. records and Bur. of the Census Special Survey of Manufacturers.

Table 8.- Soybean oil mills: Number processing during season, by type and seasonal volume, 1952 ^{1/}

Item	Solvent- extraction	Screw- press	Combi- nation	Hydraulic	Total
	Number	Number	Number	Number	Number
<u>Mills processing:</u>					
<u>Soybeans:</u>					
Volume processed per mill:					
Under 250,000 bushels ..	7	32	---	---	39
250,001 - 500,000	5	11	---	---	16
500,001 - 1,000,000	6	2/13	---	---	19
1,000,001 - 2,000,000	9	---	---	---	9
2,000,001 - 3,000,000	4	---	---	---	4
3,000,001 - 4,000,000	14	---	---	---	14
4,000,001 - 5,000,000	5	---	---	---	5
5,000,000 and over	8	---	---	---	8
Soybeans and other oilseeds:	13	18	2	18	51
Total	71	74	3/9	3/20	174

- 1/ Active mills only for the season Oct. 1, 1952, through Sept. 30, 1953.
2/ 6 mills in 500,001 - 750,000 class; 7 mills in 750,001 - 1,000,000 class.
3/ Not broken down by volume to avoid disclosure of individual operations.

Computed from reports of the Bur. of the Census.

Reports from soybean processors indicated wide differences among mills in the volume handled during the 1952-53 season. At solvent-extraction mills the volume of soybeans processed ranged from less than 250,000 bushels to more than 5 million bushels; while at screw-press mills the volume was considerably lower, with the majority of mills having a volume of about 250,000 bushels (table 8). Most of the "local" mills handled less than 250,000 bushels. Mills processing over 3-1/2 million bushels each season are almost entirely on a "transit" basis.

With an excess processing capacity of about 20 to 25 percent of total capacity and a strong export demand, competition for the existing supply of soybeans has been keen the last three seasons. The spread (or processing margin) between the central market price of a bushel of soybeans and the central market value of the oil and meal outturns averaged about 11 cents during the 1953-54 operating season as compared with averages of 14 and 16 cents in 1952-53 and 1951-52, respectively. From 1946-47 to 1948-49, this spread averaged about 50 cents. The spread averaged about 23 cents a bushel for the first 4 months of the 1954-55 processing season compared with about 12 cents during the same period in the previous season. The total supply available during the present season was 344 million bushels compared with about 279 in the preceding season. This increase in supply probably accounts in part for the wider margin this season.

Estimates of average costs of processors, including buying costs, transportation, current operating, fixed, general sales, and package costs, but not including costs of bags and tags, are shown by States and types of process in table 9.

Table 9.- Average cost per bushel incurred by processors in handling and processing soybeans, 1952-53

Process	Illinois	Indiana	Iowa	Ohio	Average
	Cents	Cents	Cents	Cents	Cents
Solvent-extraction ...	35.5	31.3	34.1	37.0	35.2
Screw-press	28.6	---	21.5	---	28.2

The higher processing cost per bushel of soybeans at solvent-extraction mills has been offset by greater efficiency in oil recovery. Solvent-extraction processors have recovered about 2 pounds more oil, by far the more valuable product per pound, from each bushel of soybeans processed than screw-press operators. However, meal recovery has been smaller at solvent-extraction mills, and screw-press operators generally have received a premium for their meal. The result has been a greater net product return of from 11 to 12 cents per bushel to solvent-plant operators.

Marketing Soybean Products

Many soybean-processing mills are operated by firms that engage in soybean-oil-refining and food-processing. During 1947, 25 percent of the soybean oil was transferred to company-owned plants. It has been estimated that over 50 percent of the soybean-processing capacity is operated by companies that produce mixed feeds. In fact, only a few of the large processors do not operate mixed-feed plants. Indications are that feed mixing operations by processors have increased in recent years. Many small soybean mills are operated by companies which also are local feed mixers. Nevertheless, only about 15 percent of the meal produced was indicated as being transferred interplant in 1947.

Nonintegrated processors, as a general rule, sell all of their crude soybean oil to refiners through brokers. Only a small part of the oil is sold directly. Brokerage fees average 5 cents per 100 pounds or \$30 a tank car.

Nearly every processor, including those that are connected with mixed-feed plants, sells some meal through brokers. The percentage of meal sold through brokers, however, shows considerably more variation than the percentage of soybean oil. The percentage at medium sized solvent-extraction plants varied from about 75 percent at several Ohio plants to about 50 to 60 percent in Illinois in the marketing year 1952-53, according to estimates by the trade. The larger solvent-extraction plants in Illinois sold from 50 to 100 percent of their meal through brokers. Several local mills, however, did not use the services of brokers.

Market areas for soybean oil meal include nearly every State in the Nation. The largest volume of meal, however, is distributed in the Central and Northeastern States. During the 5 years 1948-52, Illinois processors shipped meal to 45 States. Ohio and Indiana processors generally ship meal east and south to take advantage of their "transit" positions while Iowa and western Illinois processors ship meal to areas west, south, and north of their plant locations. The transportation differentials for meal between adjacent areas and central Illinois locations usually provide processors in outside areas with added returns on most meal sales over that received by Decatur or central Illinois processors but usually this is not the full amount of the transportation differential.

The average distance of haul, per ton, for rail shipments of meal from the central soybean States in the 5-year period from 1948 to 1952 was 482 miles. For the United States the distance of haul averaged 470 miles.

Soybean oil, which moves primarily by rail, may be moved both as crude or refined. Rail shipments of oil of one type or other were received in 33 States during the 5-year period from 1948 to 1952. The average distance of movement from the central soybean States was considerably longer than that for soybean meal and averaged 671 miles per ton. The average movement in the United States was 638 miles per ton. Movement of crude oil by tank truck from processing mills to refineries has been increasing in recent years, particularly where the distance is short.

Crude soybean oil, as it comes from the soybean processor, must be refined and further processed before it is suitable for most edible and industrial uses. With the development of metal deactivators, such as citric acid, to insure flavor stability, the use of refined soybean oil in foods has continued to expand rapidly. About 97 percent of the crude soybean oil is refined and 3 percent is consumed as such or in processes other than refining.

Over 80 percent of the refined soybean oil was consumed in the edible-products industries in the period 1949 to 1953. Of this percentage, approximately 43 percent was used by shortening manufacturers, 27 percent by margarine processors, and 10 percent for other edible products, including cooking and salad oil, mayonnaise, salad dressing, and frozen desserts. Usage of hydrogenated soybean oils in margarine and shortening has more than doubled in the last 5 years. Soybean lecithin, which is recovered in degumming crude soybean oil, is an emulsifier used principally in food products.

The inedible uses of soybean oil are in the processing and manufacture of paint and varnish, resins, soap, lubricants and greases, protective coatings, rubber, and paint and ink vehicles, with minor amounts being used in chemicals, insulation, linoleum and oilcloth, core oils, metalworking and treatment, hydraulic brake fluid, textiles, leather, glue and adhesives, pharmaceuticals, disinfectants, synthetic detergents, printing ink, and miscellaneous industrial products.

Soybean oil exports have declined somewhat in the last two seasons. Only 71 million pounds were exported in 1953-54 and 93 million pounds in 1952-53 as compared with 270 million pounds in 1951-52, 400 million in 1950-51, and 291 million in 1949-50. The decrease in the last 2 years may be explained in part by the increase in exports of soybeans, which rose from 17.0 million bushels in 1951-52 to 31.9 million in 1952-53 and 39.5 million bushels in 1953-54.

Ninety to ninety-eight percent of the meal is used for feed. Other uses for soybean oil meal are found in industry in adhesives, core binders, emulsifiers, fertilizers, glue, and plastics. Industrial protein made from solvent-extracted soybean oil meal can be utilized in water paint, waterproofing, artificial wood, textile dressing, paper sizing, firefighting foam, candy, and whipping powders. Other minor food products made from soybeans and soybean oil meal include flour, grits, beer brewing flakes, seasoning powders, sauce, sugar, milk, and wine.

SELECTED NEW PUBLICATIONS

1. "An Economic Study of Rough Rice Storage in the Southern States," by J. Norman Efferson, Roane Hathorn, and Arthur Gerlow, U. S. Dept. Agr. Market. Res. Rept. 75, Nov. 1954. (Agr. Market. Serv. and La. Agr. Expt. Sta. cooperating; RMA Title II.) (Processed.)
2. "Cost of Moving Citrus from Tree onto Highway Trucks as Related to Methods of Handling," by Eric Thor and Luke D. Dohner, Fla. Agr. Expt. Sta. Bull. 547, Sept. 1954. (Fla. Agr. Expt. Sta. and Agr. Market. Serv. cooperating.)
3. "Deciding --- Whether to Manufacture Butter and Powder ... or Cheese," by Glen T. Nelson, Oreg. Agr. Expt. Sta. Bull. 546, Nov. 1954. (Western Region. Res. Pub., RMA.)
4. "Marketing Agreements for Fruits and Vegetables: Some Questions and Answers," Agr. Market. Serv., U. S. Dept. Agr., Nov. 1954. (Processed.)
5. "Preferences for Canned Orange Juices that Vary in Brix-Acid Ratio," by James A. Bayton and Hugh P. Bell, U. S. Dept. Agr. Market. Res. Rept. 76, Dec. 1954. (Agr. Market. Serv., Fla. Citrus Commission, and Fla. Agr. Expt. Sta. cooperating; RMA Title II.) (Processed.)
6. "Research on Costs of Marketing Peaches," by C. W. Peters, Agr. Market. Serv., U. S. Dept. Agr., Feb. 1955. (Mimeo.)
7. "The Commercial Potato Peeling Industry," by W. N. Garrott and A. E. Mercker. Nov. 1954. (Processed.)
8. "The Functions of Feed-Dealer Suppliers in Marketing Georgia Broilers," by O. C. Hester and W. W. Harper. Ga. Agr. Expt. Sta. Bull. 233. (Ga. Agr. Expt. Sta. and Agr. Market. Serv. cooperating; RMA Title II.)
9. "The Marketing and Pricing Structure for Bulk Sweet Cream in Kansas, Missouri and Oklahoma Markets," by Alexander Swantz, U. S. Dept. Agr. Market. Res. Rept. 74, Nov. 1954. (RMA, Title II.) (Processed.)
10. "Vegetable Production and Market Outlets, Southeast North Carolina, 1952," by A. E. Seale, Jr., and R. A. King, N. C. Agr. Expt. Sta. A. E. Inform. Ser. 36, Dec. 1954. (N. C. Agr. Expt. Sta. and Agr. Market. Serv. cooperating, RMA.) (Processed.)
11. "Vegetable Prices and Marketing Procedures," by A. D. Seale, Jr., and R. A. King, N. C. Agr. Expt. Sta. A. E. Inform. Ser. 36, Jan. 1955. (N. C. Agr. Expt. Sta. and Agr. Market. Serv. cooperating; RMA.) (Processed.)
12. "Women's Opinions of Fibers in Selected Items of Clothing," by Trienah Meyers, Agr. Market. Serv., U. S. Dept. Agr., Feb. 1955. (Preliminary Summary Report.) (RMA, Title II.) (Processed.)

: Publications issued by State Agricultural Experiment :
: Stations may be obtained from the issuing Station. :
:

Table 10.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, marketing margin, and farmer's share of retail cost, January-March 1955 ^{1/}

Product	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Margin	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			968.86	---	---	410.85	558.01	42
Meat products			244.28	---	---	144.51	99.77	59
Dairy products			181.94	---	---	83.29	98.65	46
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	102.13	---	---	68.35	33.78	67
Bakery and cereal products	Farm produce equivalent to products bought by urban families		149.89	---	---	32.47	117.42	22
All ingredients			---	29.37	4.17	25.20	---	17
Grain			205.98	---	---	61.77	144.21	30
All fruits and vegetables			117.67	---	---	44.34	73.33	38
Fresh fruits and vegetables			64.43	---	---	23.79	40.64	37
Fresh vegetables			88.31	---	---	17.43	70.88	20
Processed fruits and vegetables			43.31	---	---	13.41	29.90	31
Fats and oils			41.33	---	---	7.05	34.28	17
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	69.8	51.3	3.7	47.6	22.2	68
Pork (excluding lard)	1.32 lb. hogs	Pound	47.3	29.6	2.8	26.8	20.5	57
Butter	Cream and whole milk	Pound	71.4	---	---	46.2	25.2	65
Cheese, American processed	Milk for American cheese	Pound	57.5	---	---	27.9	29.6	49
Evaporated milk	Milk for evaporating	1 1/2 ounce can	13.7	---	---	6.2	7.5	45
Fluid milk	Wholesale fluid milk	Quart	22.6	---	---	10.2	12.4	45
Chickens, frying	Commercial broilers	Pound	51.8	---	---	33.4	18.4	64
Eggs	1.03 doz.	Dozen	55.3	---	---	38.3	17.0	69
Bread, white .....	.912 lb. wheat	Pound	17.7	3.2	.4	2.8	14.9	16
Crackers, soda	1.41 lb. wheat	Pound	27.1	5.0	.7	4.3	22.8	16
Corn flakes	1.57 lb. white corn	12 ounces	22.0	4.0	1.1	2.9	19.1	13
Corn meal	1.34 lb. white corn	Pound	12.6	3.4	.4	3.0	9.6	24
Flour, white	7.04 lb. wheat	5 pounds	54.1	25.0	3.4	21.6	32.5	40
Rice	1.68 lb. rough rice	Pound	19.0	7.5	1.1	6.4	12.6	34
Rollod oats	2.56 lb. oats	20 ounces	18.8	6.1	1.1	5.0	13.8	27
Apples	1.08 lb. apples	Pound	14.1	---	---	6.6	7.5	47
Grapefruit	1.04 grapefruit	Each	9.6	---	---	1.6	8.0	17
Lemons	1.04 lb. lemons	Pound	18.6	---	---	5.2	13.4	28
Oranges	1.04 doz. oranges	Dozen	45.9	---	---	13.6	32.3	30
Beans, green	1.09 lb. snap beans	Pound	26.9	---	---	11.1	15.8	41
Cabbage	1.10 lb. cabbage	Pound	8.5	---	---	2.2	6.3	26
Carrots	1.11 lb. carrots	Pound	13.5	---	---	3.7	9.8	27
Lettuce	1.30 lb. lettuce	Head	17.3	---	---	7.4	9.9	43
Onions	1.06 lb. onions	Pound	7.7	---	---	2.1	5.6	27
Potatoes	15.62 lb. potatoes	15 pounds	80.3	---	---	30.2	50.1	38
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	14.1	---	---	6.1	8.0	43
Tomatoes	1.18 lb. tomatoes	Pound	31.6	---	---	11.8	19.8	37
Peaches, canned	1.39 lb. Calif. cling	No. 2-1/2 can	33.2	---	---	5.2	28.0	16
Orange juice, canned	5.38 lb. Fla. oranges for canning	46 ounce can	33.6	---	---	8.0	25.6	24
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.3	---	---	2.6	14.7	15
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.5	---	---	3.2	18.3	15
Tomatoes, canned	2.25 lb. tomatoes for processing	No. 303 can	14.9	---	---	2.2	12.7	15
Beans with pork, canned .....	.35 lb. Mich. pea beans	16 ounce can	14.8	---	---	3.5	11.3	24
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	17.9	---	---	5.2	12.7	29
Strawberries, frozen .....	.61 lb. strawberries for processing	10 ounces	30.7	---	---	8.0	22.7	26
Beans, green, frozen .....	.79 lb. beans for processing	10 ounces	24.2	---	---	4.8	19.4	20
Peas, frozen .....	.84 lb. peas for freezing	10 ounces	19.4	---	---	3.1	16.3	16
Dried prunes .....	.97 lb. dried prunes	Pound	32.4	---	---	10.5	21.9	32
Navy beans	1.00 lb. Mich. pea beans	Pound	18.5	---	---	10.1	8.4	55
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.2	---	---	8.8	20.4	30
Peanut butter	1.77 lb. peanuts	Pound	52.1	---	---	22.2	29.9	43
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	35.4	---	---	7.7	27.7	22
Vegetable shortening	Soybeans and cottonseed	Pound	35.3	---	---	10.6	24.7	30
Corn sirup	1.9 lb. corn	24 ounces	23.7	4.7	1.1	3.6	20.1	15
Sugar	36.84 lb. sugar beets	5 pounds	52.3	20.4	1.0	2/19.4	2/32.9	2/37

^{1/} Information concerning the sources of price data and calculation of net farm values, marketing margins, and the farmer's share are given in the Supplement to the July-Sept. 1953 issue of this Situation. Product groups include more items than those listed in this table. For example, the meat products group includes lamb, veal, and lower grades of beef in addition to pork and carcass beef of Choice grade.

^{2/} Net farm value adjusted for Government payments to producers was 23.5 cents, margin adjusted for Government processor tax was 30.2 cents, farmer's share of retail cost based on adjusted farm value was 45 percent.

Preliminary estimates.

Table 11.- Farm food products: Retail cost and farm value, January-March 1955, October-December 1954, January-March 1954, and 1947-49 average 1/

Product	Retail unit	Retail cost						Net farm value 2/					
		Jan.-		Oct.-		Jan.-		Jan.-		Jan.-		Jan.-	
		Mar.		Dec.		Mar.		Mar.		Mar.		Mar.	
		1955	1954	1954	1947-49 average	1955	1954	1955	1954	1955	1954	1955	1954
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket		968.86	4/967.15	996.89	954.76	5/	- 3	410.85	4/405.61	444.59	467.91	+ 1	- 8
Meat products		244.28	4/250.11	269.26	261.20	- 2	- 9	144.51	4/150.92	173.58	176.11	- 4	- 17
Dairy products		181.94	4/182.69	186.64	168.37	5/	- 3	83.29	4/ 85.27	87.57	90.88	- 2	- 5
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	102.13	4/ 96.07	107.59	116.87	+ 6	- 5	68.35	56.82	71.45	80.53	+ 20	- 4
Bakery and cereal products													
All ingredients		149.89	4/149.01	146.47	121.94	+ 1	+ 2	32.47	4/ 32.71	32.82	33.16	- 1	- 1
Grain		---	---	---	---	---	---	25.20	4/ 25.11	24.46	24.40	5/	- 3
All fruits and vegetables		205.98	4/203.62	201.47	195.26	+ 1	+ 2	61.77	58.60	56.67	61.28	+ 5	+ 9
Fresh fruits and vegetables ..		117.67	4/114.40	112.65	103.57	+ 3	+ 4	44.34	40.90	38.90	41.85	+ 8	+ 14
Fresh vegetables		64.43	4/ 58.47	57.66	53.14	+ 10	+ 12	23.79	20.31	18.39	23.77	+ 17	+ 29
Processed fruits and vegetables		88.31	4/ 89.22	88.82	91.69	- 1	- 1	17.43	17.70	17.77	19.43	- 2	- 2
Fats and oils		43.31	4/ 44.13	43.92	52.25	- 2	- 1	13.41	4/ 14.18	15.07	18.92	- 5	- 11
Miscellaneous products		41.33	4/ 41.52	51.54	38.87	5/	- 1	7.05	7.11	7.43	7.03	- 1	- 5
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	69.8	4/69.6	68.2	68.5	5/	+ 2	47.6	47.7	43.1	48.5	5/	+ 10
Pork (excluding lard)	Pound	47.3	4/49.7	57.7	52.8	- 5	- 18	26.8	29.3	40.8	35.2	- 9	- 34
Butter	Pound	71.4	4/71.7	79.0	79.4	5/	- 10	46.2	4/46.4	52.0	57.4	5/	- 11
Cheese, American processed	Pound	57.5	56.8	59.4	52.7	+ 1	- 3	27.9	28.3	29.3	32.0	- 1	- 5
Evaporated milk	14 1/2 ounce can	13.7	13.7	14.3	13.7	0	- 4	6.2	6.1	6.3	7.1	+ 2	- 2
Fluid milk	Quart	22.6	4/22.8	22.8	19.9	- 1	- 1	10.2	10.6	10.6	10.6	- 4	- 4
Chickens, frying	Pound	51.8	4/46.7	49.1	---	+ 11	+ 5	33.4	25.5	29.0	---	+ 31	+ 15
Eggs	Dozen	55.3	4/54.1	62.0	66.7	+ 2	- 11	38.3	34.0	44.9	48.0	+ 13	- 15
Bread, white	Pound	17.7	17.5	17.0	13.5	+ 1	+ 4	2.8	2.8	2.7	2.6	0	+ 4
Crackers, soda	Pound	27.1	27.2	27.2	---	5/	5/	4.3	4.3	4.1	---	0	+ 5
Corn flakes	12 ounces	22.0	22.0	21.9	17.0	0	5/	2.9	4/ 2.8	3.2	3.2	+ 4	- 9
Corn meal	Pound	12.6	12.6	12.5	11.8	0	+ 1	3.0	3.0	3.3	3.6	0	- 9
Flour, white	5 pounds	54.1	4/53.8	53.5	48.4	+ 1	+ 1	21.6	21.5	20.4	20.5	5/	+ 6
Rice	Pound	19.0	19.0	19.7	19.2	0	- 4	6.4	6.5	7.7	7.8	- 2	- 17
Rollod oats	20 ounces	18.8	4/18.6	18.5	16.1	+ 1	+ 2	5.0	5.0	5.2	5.4	0	- 4
Apples	Pound	14.1	13.2	14.7	11.3	+ 7	- 4	6.6	6.4	7.2	5.2	+ 3	- 8
Grapefruit	Each	9.6	4/10.5	9.8	8.7	- 9	- 2	1.6	2.1	1.5	1.6	- 24	+ 7
Lemons	Pound	18.6	4/18.6	18.7	17.7	0	- 1	5.2	5.2	5.4	5.7	0	- 4
Oranges	Dozen	45.9	4/56.5	46.9	46.6	- 19	- 2	13.6	14.1	11.8	12.6	- 4	+ 15
Beans, green	Pound	26.9	4/21.9	26.3	21.0	+ 23	+ 2	11.1	9.3	11.2	9.2	+ 19	- 1
Cabbage	Pound	8.5	6.8	7.1	6.9	+ 25	+ 20	2.2	1.8	1.4	1.9	+ 22	+ 57
Carrots	Pound	13.5	14.0	12.6	11.1	- 4	+ 7	3.7	3.9	3.0	4.2	- 5	+ 23
Lettuce	Head	17.3	4/16.8	15.0	14.5	+ 3	+ 15	7.4	6.9	6.1	6.4	+ 7	+ 21
Onions	Pound	7.7	7.5	6.1	8.4	+ 3	+ 26	2.1	2.1	1.1	3.7	0	+ 91
Potatoes	15 pounds	80.2	4/77.6	66.6	78.8	+ 3	+ 21	30.2	26.7	16.3	38.5	+ 13	+ 85
Sweetpotatoes	Pound	14.1	4/11.7	13.0	11.2	+ 21	+ 8	6.1	4.7	5.2	4.7	+ 30	+ 17
Tomatoes	Pound	31.6	4/24.6	30.9	---	+ 28	+ 2	11.8	8.4	12.1	---	+ 40	- 2
Peaches, canned	No. 2-1/2 can	33.2	4/32.7	33.0	31.5	+ 2	+ 1	5.2	5.2	5.2	5.3	0	0
Orange juice, canned	46 ounce can	33.6	4/35.7	34.3	---	- 6	- 2	8.0	9.1	9.1	---	- 12	- 12
Corn, canned	No. 303 can	17.3	4/17.7	18.8	16.7	- 2	- 8	2.6	2.7	2.9	2.7	- 4	- 10
Peas, canned	No. 303 can	21.5	4/21.4	21.3	21.4	5/	+ 1	3.2	3.2	3.2	3.0	0	0
Tomatoes, canned	No. 303 can	14.9	14.7	14.5	17.0	+ 1	+ 3	2.2	2.5	2.5	3.2	- 12	- 12
Beans with pork, canned	16 ounce can	14.8	14.5	14.4	---	+ 2	+ 3	3.5	3.3	2.8	---	+ 6	+ 25
Orange juice concentrate, frozen	6 ounce can	17.9	4/18.6	18.4	---	- 4	- 3	5.2	5.5	5.5	---	- 5	- 5
Strawberries, frozen	10 ounces	30.7	30.6	31.1	---	5/	- 1	8.0	8.1	8.3	---	- 1	- 4
Beans, green, frozen	10 ounces	24.2	24.1	24.5	---	5/	- 1	4.8	4.9	4.9	---	- 2	- 2
Peas, frozen	10 ounces	19.4	19.3	19.3	---	+ 1	+ 1	3.1	3.3	3.3	---	- 6	- 6
Dried prunes	Pound	32.4	31.8	29.7	23.1	+ 2	+ 9	10.5	9.6	10.2	8.8	+ 9	+ 3
Navy beans	Pound	18.5	4/18.0	17.2	19.9	+ 3	+ 8	10.1	9.4	8.0	9.7	+ 7	+ 26
Margarine, colored	Pound	29.2	29.5	30.0	39.7	- 1	- 3	8.8	9.1	9.2	12.4	- 3	- 4
Peanut butter	Pound	52.1	4/49.8	49.2	---	+ 5	+ 6	22.2	21.5	19.7	---	+ 3	+ 13
Salad dressing	Pint	35.4	4/35.9	35.8	37.8	- 1	- 1	7.7	7.9	8.7	10.0	- 3	- 12
Vegetable shortening	Pound	35.3	35.6	34.6	41.1	- 1	+ 2	10.6	11.1	11.4	15.4	- 5	- 7
Corn sirup	24 ounces	23.7	23.7	23.6	---	0	5/	3.6	3.7	3.7	---	- 3	- 3
Sugar	5 pounds	52.3	52.3	52.6	48.4	0	- 1	19.4	19.5	20.5	19.4	- 1	- 5

1/ Information concerning the sources of price data and calculations of net farm values are given in the Supplement to the July-Sept. 1953 issue of this Situation. Product groups include more items than those listed in this table. For example, the meat products group includes lamb, veal, and lower grades of beef in addition to pork and carcass beef of Choice grade.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ Preliminary estimates.

4/ Revised.

5/ Less than 0.5 percent.

Table 12.- Farm food products: Marketing margin and farmer's share of the retail cost, January-March 1955, October-December 1954, January-March 1954, and 1947-49 average 1/

Product	Retail unit	Marketing margin 2/						Farmer's share			
		Jan.-Mar. 1955	Oct.-Dec. 1954	Jan.-Mar. 1954	1947-49 average	Percentage change from -		Jan.-Mar. 1955	Oct.-Dec. 1954	Jan.-Mar. 1954	1947-49 average
		3/	3/	3/	3/	Oct.-Dec. 1954	Jan.-Mar. 1954	3/	3/	3/	3/
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket	()	558.01	4/561.54	552.30	486.85	- 1	+ 1	42	42	45	49
Meat products	()	99.77	4/ 99.19	95.68	85.09	+ 1	+ 4	59	60	64	67
Dairy products	()	98.65	4/ 97.42	99.07	77.49	+ 1	5/	46	47	47	54
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	33.78	4/ 39.25	36.14	36.34	- 14	- 7	67	59	66	69
Bakery and cereal products	()	117.42	4/116.30	113.65	88.78	+ 1	+ 3	22	22	22	27
All ingredients	()	---	---	---	---	---	---	17	17	17	---
Grain	()	144.21	4/145.02	144.80	133.98	- 1	5/	30	29	28	31
Fresh fruits and vegetables	()	73.33	4/ 73.50	73.75	61.72	5/	- 1	38	36	35	40
Fresh vegetables	()	40.64	4/ 38.16	39.27	29.37	+ 6	+ 3	37	35	32	45
Processed fruits and vegetables	()	70.88	4/ 71.52	71.05	72.26	- 1	5/	20	20	20	21
Fats and oils	()	29.90	4/ 29.95	28.85	33.33	5/	+ 4	31	32	34	36
Miscellaneous products	()	34.28	4/ 34.41	34.11	31.34	5/	5/	17	17	18	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	22.2	4/21.9	25.1	20.0	+ 1	- 12	68	4/69	63	71
Pork (excluding lard)	Pound	20.5	4/20.4	16.9	17.6	5/	+ 21	57	59	71	67
Butter	Pound	25.2	25.3	27.0	22.0	5/	- 7	65	65	66	72
Cheese, American processed	Pound	29.6	28.5	30.1	20.7	+ 4	- 2	49	50	49	61
Evaporated milk	14 1/2 ounce can	7.5	7.6	8.0	6.6	- 1	- 6	45	45	44	52
Fluid milk	Quart	12.4	4/12.2	12.2	9.3	+ 2	+ 2	45	4/46	46	53
Chickens, frying	Pound	18.4	4/21.2	20.1	---	- 13	- 8	64	4/55	59	---
Eggs	Dozen	17.0	4/20.1	17.1	18.7	- 15	- 1	69	63	72	72
Bread, white	Pound	14.9	14.7	14.3	10.9	+ 1	+ 4	16	16	16	19
Crackers, soda	Pound	22.8	22.9	23.1	---	5/	- 1	16	16	15	---
Corn flakes	12 ounces	19.1	4/19.2	18.7	13.8	- 1	+ 2	13	13	15	19
Corn meal	Pound	9.6	9.6	9.2	8.2	0	+ 4	24	24	26	31
Flour, white	5 pounds	32.5	4/32.3	33.1	27.9	+ 1	- 2	40	40	38	42
Rice	Pound	12.6	12.5	12.0	11.4	+ 1	+ 5	34	34	39	41
Rollod oats	20 ounces	13.8	4/13.6	13.3	10.7	+ 1	+ 4	27	27	28	34
Apples	Pound	7.5	6.8	7.5	6.1	+ 10	0	47	48	49	46
Grapefruit	Each	8.0	4/ 8.4	8.3	7.1	- 5	- 4	17	20	15	18
Lemons	Pound	13.4	4/13.4	13.3	12.0	0	+ 1	28	28	29	32
Oranges	Dozen	32.3	4/42.4	35.1	34.0	- 24	- 8	30	25	25	27
Beans, green	Pound	15.8	4/12.6	15.1	11.8	+ 25	+ 5	41	42	43	44
Cabbage	Pound	6.3	5.0	5.7	5.0	+ 26	+ 11	26	26	20	28
Carrots	Pound	9.8	10.1	9.6	6.9	- 3	+ 2	27	28	24	38
Lettuce	Head	9.9	4/ 9.9	8.9	8.1	0	+ 11	43	4/41	41	44
Onions	Pound	5.6	5.4	5.0	4.7	+ 4	+ 12	27	28	18	44
Potatoes	15 pounds	50.1	4/50.9	50.3	37.2	- 2	5/	38	34	24	53
Sweetpotatoes	Pound	8.0	4/ 7.0	7.8	6.5	+ 14	+ 3	43	40	40	42
Tomatoes	Pound	19.8	4/16.2	18.8	---	+ 22	+ 5	37	34	39	---
Peaches, canned	No. 2-1/2 can	28.0	4/27.5	27.8	26.2	+ 2	+ 1	16	16	16	17
Orange juice, canned	46 ounce can	25.6	4/26.6	25.2	---	- 4	+ 2	24	25	27	---
Corn, canned	No. 303 can	14.7	4/15.0	15.9	14.0	- 2	- 8	15	15	15	16
Peas, canned	No. 303 can	18.3	4/18.2	18.1	18.4	+ 1	+ 1	15	15	15	14
Tomatoes, canned	No. 303 can	12.7	12.2	12.0	13.3	+ 4	+ 6	15	17	17	19
Beans with pork, canned	16 ounce can	11.3	11.2	11.6	---	+ 1	- 3	24	23	19	---
Orange juice concentrate, frozen	6 ounce can	12.7	4/13.1	12.9	---	- 3	- 2	29	30	30	---
Strawberries, frozen	10 ounces	22.7	22.5	22.8	---	+ 1	5/	26	26	27	---
Beans, green, frozen	10 ounces	19.4	19.2	19.6	---	+ 1	- 1	20	20	20	---
Peas, frozen	10 ounces	16.3	16.0	16.0	---	+ 2	+ 2	16	17	17	---
Dried prunes	Pound	21.9	22.2	19.5	14.3	- 1	+ 12	32	30	34	38
Navy beans	Pound	8.4	4/ 8.6	9.2	10.2	- 2	- 9	55	4/52	47	49
Margarine, colored	Pound	20.4	20.4	20.8	27.3	0	- 2	30	31	31	31
Peanut butter	Pound	29.9	4/28.3	29.5	---	+ 6	+ 1	43	43	40	---
Salad dressing	Pint	27.7	4/28.0	27.1	27.8	- 1	+ 2	22	22	24	26
Vegetable shortening	Pound	24.7	24.5	23.2	25.7	+ 1	+ 6	30	31	33	37
Corn sirup	24 ounces	20.1	20.0	19.9	---	+ 1	+ 1	15	16	16	---
Sugar	5 pounds	32.9	32.8	32.1	29.0	5/	+ 2	37	37	39	40

1/ Information concerning the calculation of the marketing margin and farmer's share are given in the Supplement to the July-Sept. 1953 issue of this Situation. Product groups include more items than those listed in this table. For example, the meat products group includes lamb, veal, and lower grades of beef in addition to pork and carcass beef of Choice grade.

2/ The marketing margin is the difference between the retail cost and the net farm value, table 11.

3/ Preliminary.

4/ Revised.

5/ Less than 0.5 percent.

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